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Agricultural Situation

This Week in Canadian Agriculture, Issue 14 2002

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Report Highlights:

"What's New, Eh?" * Canada Releases Market Access Priorities * Production of Wheat/Coarse Grains for 2002/03 to Increase * Ontario Has New Ag Minister * Prohibited Drug Found in Chinese Honey * Don't Mislead Canadians on Labeling, Food Manufacturers Urge * Quebec Beer Industry Overview

... AND MORE!

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1], CA

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives. Substantive issues and developments are generally also reported in detail in separate reports from this office.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

MARKET ACCESS PRIORITIES REPORT: International Trade Minister Pierre Pettigrew released Canada's annual Market Access Priorities report for 2002. The report sets out the initiatives Canada will pursue and details specific obstacles to trade in various markets. The report also highlights the government's trade accomplishments for 2001. Canada's Market Access Priorities for 2002 with the United States are to: continue to fight U.S. trade action on softwood lumber at the World Trade Organization, and to continue discussions with the U.S. government to determine whether there is a basis for a durable alternative to litigation; continue to work with the United States to reconcile the need for free movement of goods, services and persons across the Canada-U.S. border with the priorities of security and law enforcement; continue to defend international trade agreement rights to maintain market access to the United States for Canadian wheat; continue to press various U.S. states to ensure that Canadian firms are taxed in a fair, consistent manner, in accordance with international taxation norms; continue to monitor closely and respond to key measures that may distort trade and investment decisions in the North American market; continue to oppose the extraterritorial application of U.S. laws. The report and a backgrounder are available at the following DFAIT web site: <http://www.dfait-maeci.gc.ca/tna-nac/cimap-e.asp>

PRODUCTION OF WHEAT/COARSE GRAINS FOR 2002/03 TO INCREASE: In Western Canada, area seeded to spring wheat is expected to decrease while area seeded to coarse grains, durum, special crops and canola is forecast to increase due to higher expected relative net returns. In Eastern Canada, area seeded to wheat and soybeans is expected to decrease while the area seeded to corn increases. Total production of wheat and coarse grains in Canada is forecast to increase from 43.8 MMT in 2001/02 to 51.0 MMT for 2002/03. The forecast assumes below normal yields, and precipitation in Saskatchewan and Alberta during the spring will be critical, despite recent snowfall. In Canada, grains and oilseed prices, except flaxseed, are expected to decline. For more information, see the Grain and Feed Annual report, CA2040.

TRADE MISSION TO MEXICO: International Trade Minister Pierre Pettigrew announced that he will lead a trade mission to Mexico from June 3 to 7, 2002. The goal of the mission is to promote even stronger business relations between the two countries and to support the efforts of Canadian exporters in their Mexican market development efforts. Mexico's economy continues to show excellent potential for trade with Canada. Mexico was Canada's sixth largest export market overall during 2001. Since NAFTA came into effect in 1994, Canadian exports to Mexico have more than doubled to \$2.5 billion in 2001. Canadian merchandise exports enjoyed a 20-percent increase in

2001 as Canadian companies increased their market share in Mexico. The trade mission will visit two of Mexico's most influential business centers, Mexico City and Monterrey. In each city there will be a business program consisting of seminars, conferences and networking opportunities designed to introduce participants to local decision makers and business leaders. A number of sectors will be the subject of a particular focus: agri-food products, aerospace and defence, construction and building products, education services, environment technologies, information technology, telecommunications and transport infrastructure.

ONTARIO HAS NEW AG MINISTER: Helen Johns has been appointed Minister of Agriculture and Food in Ontario, Canada's most important agricultural province accounting for almost 25% of farm cash receipts. This week, Ontario Premier Ernie Eves appointed the former Associate Minister of Health and the Minister of Citizenship, Culture and Recreation to the post. Helen Johns was first elected to the Ontario Legislature in 1995. Johns replaces Brian Coburn who was demoted to Associate Minister of Municipal Affairs and Housing.

PROHIBITED DRUG FOUND IN CHINESE HONEY: The Canadian Food Inspection Agency (CFIA) issued a public warning this week not to consume certain food products manufactured using honey imported from China. The honey was found to contain Chloramphenicol, a drug which is not permitted for use in Canada in food producing animals, including bees. According to the CFIA, consumption of chloramphenicol contaminated products may pose a human health risk related to the inherent toxicity of the drug. The affected products, mostly prepared bakery products sold without labels or with labels under various brand names, are being voluntarily recalled from the marketplace by their Canadian manufacturers. Although there have been no reported illnesses associated with the consumption of these products, the CFIA is continuing to monitor all imports of Chinese honey.

DON'T MISLEAD CANADIANS ON LABELING, FOOD MANUFACTURERS URGE: The Food and Consumer Products Manufacturers of Canada are urging the federal government to "reserve mandatory labeling for health and safety reasons so that Canadian consumers are not misled about the safety of their food products." Laurie Curry, vice president for public policy and scientific affairs for the FCPMC, made that request before the federal Standing Committee on Health today as she presented her members' view on the implications of labeling of genetically modified (GM) goods. During the presentation, FCPMC called on the federal government to stand by Canada's food regulatory system and Health Canada's mandatory labeling policy for health and safety. She noted that independent reports and studies, such as the Royal Society Expert Scientific Panel's Report, confirm that GM foods undergo such a rigorous approval process that they are deemed to be as safe or safer than their traditional counterparts.

SANDWICH MARKET IS GROWING IN LEAPS AND BOUNDS: According to a recent article in Foodservice and Hospitality Magazine, sandwiches are on a five-year roll (no pun intended). In the past year, sandwiches have grown by 15 percent in the Canadian foodservice industry. Not just any sandwich will cut it. In quick-service dining, chicken sandwiches are hot, deli-style sandwiches are doing well, the wrap/pita sandwich is now the third largest selling sandwich in the country. In casual dining, wraps, clubs and grilled chicken are all growing. Breakfast sandwiches have doubled volume since 1997. Breakfast sandwiches at drive-through operations have increased by 33 percent in the past

year alone. All this activity points to the continuing consumer theme of convenience, portability and speed of service.

QUEBEC BEER INDUSTRY OVERVIEW: With the disappearance of tariffs on U.S. beers in the mid-1990s and the increasing liberalization of Société des Alcools du Québec policies and practices since that time, U.S. beer imports achieved some success in Quebec, but they are definitely niche opportunities. The path to achieving export potential for smaller U.S. breweries lies most probably in partnering with smaller regional/specialty Canadian brewers. For more information, see GAIN report CA2037.

Did You Know... that according to Agriculture and Agri-Food Canada, potatoes, sweet corn and green peas account for about 78% of the total vegetable area in Canada.

Recent Reports from FAS/Ottawa:

Report Number	Title of Report	Date
CA2040	Grain and Feed Annual Report	4/16/2002
CA2037	Quebec Beer Industry Overview	4/15/2002
CA2036	This Week in Canadian Agriculture, Issue 13	4/11/2002
CA2035	B.C. Ministry of Forests Funds Education and Market Development	4/11/2002

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